

RECORDATION NO. 26893 FILED

MAR 30 '07 -2 00 PM

**SURFACE TRANSPORTATION BOARD**

OF COUNSEL  
URBAN A. LESTER

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N.W.

SUITE 301  
WASHINGTON, D.C.

20036

(202) 393-2266

FAX (202) 393-2156

E-MAIL: alvordlaw@aol.com

March 30, 2007

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, entered into as of March 30, 2007, a primary document as defined in the Board's Rules for the Recordation of Documents.

The name and address of the party to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC  
885 Second Avenue, 49th Floor  
New York, NY 10017

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent  
FPA 4 Lease/Asset Finance  
Am Tucherpark 1 (FPA)  
80538 Munich, Germany]

Mr. Vernon A. Williams  
March 30, 2007  
Page 2

A description of the railroad equipment covered by the enclosed document  
is:

100 covered coil railcars: CSXT 494700 – CSXT 494799.

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$34.00 payable to the order of  
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the  
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/sem  
Enclosures

MAR 30 '07 -2 00 PM

**MEMORANDUM OF MORTGAGE****SURFACE TRANSPORTATION BOARD**

Memorandum of Mortgage, made and entered into as of March 30, 2007 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Debtor") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party") Terms used in this instrument have the meanings assigned thereto in the Amended and Restated Security Agreement dated as of October 18, 2002 (as supplemented, including by Security Agreement Supplement No. 54 dated the date hereof, the "Security Agreement") between the Secured Party and the Debtor.

**WITNESSETH:**

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written

**BABCOCK & BROWN RAIL FUNDING  
LLC**

By   
Name: Larry Littlefield  
Title: Vice President

STATE OF NEW YORK                    )  
  ) ss.:  
COUNTY OF NEW YORK                )

On March 21, 2007, before me, Clementina Capasso, Notary Public, personally appeared Larry Littlefield, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Clementina Capasso

**CLEMENTINA CAPASSO**  
NOTARY PUBLIC, STATE OF NEW YORK  
No. 01CA5123808  
QUALIFIED IN NEW YORK COUNTY  
MY COMMISSION EXPIRES DEC. 27, 2008

\_\_\_\_\_  
Notary Public

Memorandum of Mortgage

***Exhibit A  
to Memorandum of Mortgage***

**EQUIPMENT**

| <u><b>Lease #</b></u> | <u><b># Cars</b></u> | <u><b>Year Built</b></u> | <u><b>Description</b></u>   | <u><b>Reporting Marks</b></u>      | <u><b>Casualty Marks</b></u> |
|-----------------------|----------------------|--------------------------|---|------------------------------------|------------------------------|
| 1                     | 100                  | 2007                     | 42' Single Covered Coil<br>Cars, 286,000 GRL,<br>AAR Car Type Code<br>E241, built in 2007 by<br>National Steel Car<br>Limited | CSXT 494700-<br>494799, inclusive. | None                         |

**LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS**

**Lease # 1**

Master Net Railcar Lease dated as of October 26, 2006, by and between Babcock & Brown Rail Funding LLC and CSX Transportation, Inc., to the extent the same relates to the Equipment described under "Lease #1" in Exhibit A hereto.

Schedule No. 02 to Master Net Railcar Lease dated as of November 16, 2006, by and between Babcock & Brown Rail Funding LLC and CSX Transportation, Inc., to the extent the same relates to the Equipment described under "Lease #1" in Exhibit A hereto.

Memorandum of Net Railcar Lease dated as of November 16, 2006, by and between Babcock & Brown Rail Funding LLC and CSX Transportation, Inc., in respect of the Equipment described under "Lease #1" in Exhibit A hereto.

Certificates of Acceptance for Lease dated March 5, 2007, March 7, 2007, March 9, 2007, March 13, 2007, March 14, 2007 and March 15, 2007 from CSX Transportation, Inc. to Babcock & Brown Rail Funding LLC in respect of the Equipment described under "Lease #1" in Exhibit A hereto.

Purchase Agreement for Three Hundred (300) 42" Covered Coil Cars with six (6) coil stops made and entered into as of November 16, 2006, by and between National Steel Car Limited and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption 'Lease #1' in Exhibit A hereto.

Warranty Bill of Sale dated as of March 30, 2007 from National Steel Car Limited to Babcock & Brown Rail Funding LLC and each Certificate of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.


Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated:

3/30/07



\_\_\_\_\_  
Robert W. Alvord